

Message Text

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TAGS: CI, UN, PFOR

SUBJ: COPPER COMPENSATION AND DEBT RESCHEDULING

REF: SANTIAGO 5779

1. SUMMARY: FOREIGN MINISTER HUERTA REPORTS APPOINTMENT OF GOC NEGOTIATOR FOR COPPER COMPENSATION, CONFIRMS GOC PLANS FOR MID-DECEMBER START OF (A) DIRECT TALKS WITH U.S. COPPER COMPANIES AND (B) DISCUSSIONS WITH USG ON RESCHEDULING AGREEMENT ON 1971-72 DEBT TO U.S. END SUMMARY

2. DURING MEETING WITH FOREIGN MINISTER HUERTA ON OTHER MATTERS NOV 27, I RAISED THIS SUBJECT. I SAID I WAS PLEASED TO REPORT MY IMPRESSION THAT GOC PLANS FOR DEALING WITH THESE RELATED PROBLEMS ARE GEARED TO AN APPROPRIATE SCHEDULE FOR BEGINNING TO REDUCE THEM AS IMPEDIMENTS TO OUR RELATIONSHIP. I OBSERVED THAT I HAD IN MIND SPECIFICALLY THE GOC INTENTION TO INITIATE DIRECT TALKS WITH THE U.S. COPPER COMPANIES ON COMPENSATION IN MID-DECEMBER. THIS WOULD BE AN IMPORTANT ELEMENT IN OUR ABILITY TO APPROVE A RESCHEDULING AGREEMENT ON 1971-72 DEBT TO U.S., WHICH I SAID I ALSO UNDERSTOOD GOC INTENDED TO DISCUSS WITH THE USG IN MID-DECEMBER. THE CONCLUSION OF SUCH A RESCHEDULING AGREEMENT IN TURN WOULD INCREASE OUR ABILITY TO BE HELPFUL TO CHILE IN THE FEBRUARY PARIS CLUB TALKS. I ASKED HUERTA WHETHER HIS UNDERSTANDING CORRESPONDED WITH MINE.

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3. ADMIRAL HUERTA CONFIRMED MY UNDERSTANDING OF GOC PLANS WITH REGARD TO THE COPPER TALKS. HE SAID THAT THE GOC HAD NAMED JULIO PHILIPPI IZGUIERDO AS ITS NEGOTIATOR ONLY THE DAY BEFORE. HUERTA SAID HE PERSONALLY BELIEVED THE GOC HAD TAKEN

TOO LONG IN INITIATING TALKS WITH THE COPPER COMPANIES. HE FELT THIS PARTICULARLY IN THE CASE OF CERRO; HE THOUGHT IT IMPORTANT THAT THE GOC CONCLUDE A CERRO SETTLEMENT RAPIDLY AND HAD EXPRESSED THAT VIEW TO ADMIRAL MERINO AS CHAIRMAN OF GOC ECONOMIC COUNCIL. NEVERTHELESS, HE SAID HE COULD UNDERSTAND DELAY, GIVEN NUMBER OF TASKS JUNTA HAS HAD TO TRY TO ADDRESS SIMULTANEOUSLY. I SAID I THOROUGHLY AGREED WITH THE DESIRABILITY OF UNDERTAKING TALKS WITH THE COMPANIES AS SOON AS POSSIBLE AND WITH GIVING CERRO CASE PRIORITY ATTENTION INASMUCH AS A SETTLEMENT SEEMED ALMOST IN HAND AND WOULD HAVE AN IMPORTANT PSYCHOLOGICAL EFFECT.

4. WITH REGARD TO THE BILATERAL WITH US ON 1971-72 DEBT, HUERTA SAID HE UNDERSTOOD THE OFFICIALS RESPONSIBLE FOR THAT NEGOTIATION BELIEVED IT COULD TAKE PLACE ONLY AFTER THE INFORMAL INTER-AGENCY REVIEW TO BE HELD IN WASHINGTON UNDER CIAP AUSPICES. I EXPRESSED SURPRISE AND SAID I SAW NO NECESSARY CONNECTION BETWEEN THE TWO AND THOUGHT THE SOONER TALKS BEGIN ON A RESCHEDULING AGREEMENT THE BETTER. I NOTED WE HAD SUGGESTED EARLY DECEMBER AS AN APPROPRIATE TIME.

5. HUERTA SAID HE WAS NOT HANDLING THESE ECONOMIC MATTERS BUT CERTAINLY HAD RECEIVED THE IMPRESSION ABOUT TIMING WHICH HE HAD REPORTED TO ME. HE SAID HE FOUND IT VERY INTERESTING THAT I SAW NO NEED FOR DISCUSSION OF A RESCHEDULING AGREEMENT TO AWAIT THE CIAP-SPONSORED REVIEW AND WOULD CERTAINLY CONVEY MY REACTION TO THE PROPER AUTHORITIES.

6. COMMENT: THE APPOINTMENT OF PHILIPPI AS NEGOTIATOR FOR COPPER COMPENSATION IS REASSURING IN TERMS BOTH OF HIS QUALIFICATIONS AND THE TIMING OF THE APPOINTMENT. HE IS REGARDED LOCALLY AS CHILE'S MOST OUTSTANDING INTERNATIONAL LAW EXPERT AND A MAN OF BROAD AND DISTINGUISHED PUBLIC (FORMER MINISTER OF FOREIGN RELATIONS, ECONOMY, LANDS AND COLONIZATION, AND JUSTICE) AND PRIVATE EXPERIENCE. HIS APPOINTMENT HAS BEEN MADE WITHIN THE WEEK PROJECTED FOR THAT ACTION BY RAUL SAEZ
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(REFTEL).

7. HUERTA MAY BE CONFUSED IN THINKING THAT GOC OFFICIALS BELIEVE THE CIAP-SPONSORED REVIEW MUST PRECEDE DEBT RESCHEDULING TALKS WITH US. ON THE OTHER HAND, THAT MAY BE THE PROJECTED TIMING DERIVED FROM GOC TACTICAL CONSIDERATIONS OR SIMPLY FROM RAUL SAEZ'S TRAVEL PLANS. I ASSUME IT IS A MATTER OF INDIFFERENCE TO US WHETHER DEBT RESCHEDULING TALKS PRECEDE OR FOLLOW THE CIAP-SPONSORED REVIEW AS LONG AS SAEZ PARTICIPATES IN THE DEBT TALKS WHILE IN WASHINGTON FOR THE REVIEW AS HE TOLD ME HE WOULD. I UNDERSTAND THE CHILEANS EXPECT THE REVIEW TO BE HELD DECEMBER 10-12.
THOMPSON

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